

Potential Public Transportation Funding Options* Analysis of Local Funding Options for Transit

At the October 4, 2018 Transit Connections Focus Group meeting, discussion was held regarding parking and transit budgets. This focus was in response to the direction given by the Mayor and City Council at the August 8, 2017 meeting, specifically, “to consider how parking revenues can support the Transit Vision” that underlies the Frequent Transit Network (FTN).

A report entitled “*Local Funding Options for Public Transportation*,” written by Todd Litman of the Victoria Transport Policy Institute, dated July 24, 2018, was forwarded by a Focus Group member to the Project Team for review and consideration. In addition to this report, the final City Manager’s Transit Stakeholders Group Recommendations Report, dated January 2017, and an excerpt from Austin, Texas’ City Code on a *Transportation User Fee* was also forwarded. All of these materials were distributed to the Focus Group.

The Transit Connections Project Team performed research on these items submitted to determine what authority would be able to approve each funding option, and what the process for approval would be. The table below is an annotated version of the Options Summary included in Todd Litman’s “*Local Funding Options for Public Transportation*” report in Table 7 (see page 32). Where appropriate, the relevant recommendations from the City Manager’s Transit Stakeholders Group final report dated January, 2017 are called out. The Pima Association of Government’s “*Transportation Funding Options for Southern Arizona Issue White Paper*”, dated April 28, 2016, was a useful reference for some of the research.

Using this research, the funding options were assessed for their “actionability,” in keeping with the nature of the Mayor and Council’s direction. The options with more local, i.e. City of Tucson staff or Mayor and Council, control over the approval process are seen as easier and quicker to implement and therefore more ‘actionable’; those at State and Federal levels, more difficult and longer. This analysis is summarized on the diagram in Figure 1.

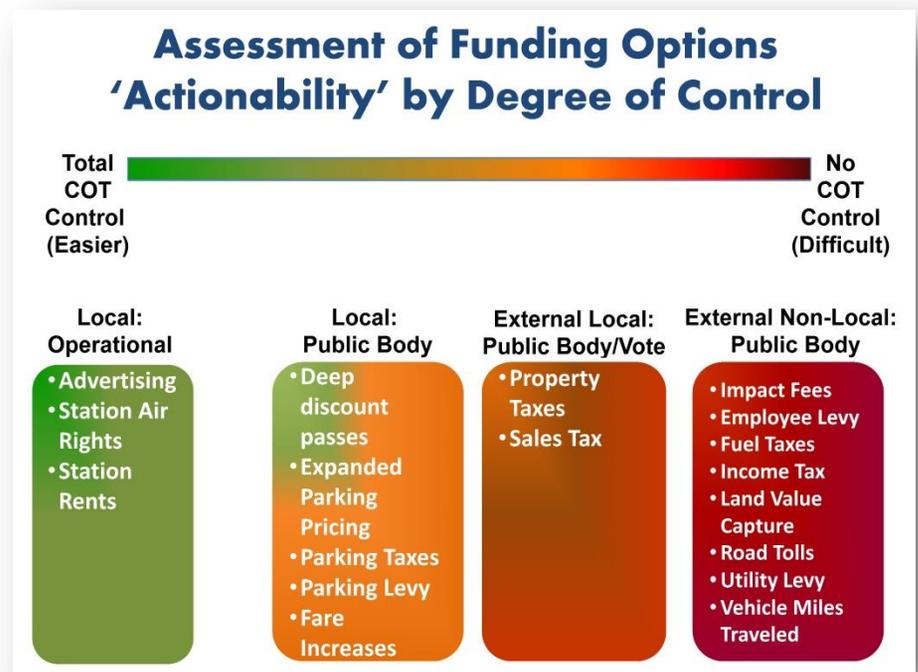


Figure 1. Staff Assessment of Funding Options ‘Actionability’ by Degree of Approval Control

Potential Public Transportation Funding Options*

Control	Funding Option Description		
	Approval Authority and Process *	Advantages	Disadvantages / Consequences*
COT LOCAL: OPERATIONAL	Advertising: Additional advertising on vehicles and stations		
	Authority: COT Local Approval Process: Contract; Legal Agreement	Already used.	Limited potential. Sometimes unattractive.
	Station air rights: Sell the rights to build over transit stations		
	Authority: COT Local Approval Process: COT Real Estate Services	Charges beneficiaries.	Limited potential.
	Station rents: Collect rents from station public-private developments		
	Authority: COT Local Approval Process: Contract; Legal Agreement	Charges beneficiaries.	Limited potential.
COT LOCAL: PUBLIC BODY	Expanded parking pricing: Increase when and where public parking facilities (e.g. on-street parking) are priced		
	Authority: COT Local Approval Process: Park Tucson Commission Approved Rate Policy	Moderate to large potential. Distributes burden widely. Reduces parking & traffic problems.	Requires parking meters and enforcement, and imposes transaction costs.
	Parking taxes: Special tax on commercial parking transactions		
	Authority: COT Local Approval Process: Park Tucson Commission Approved Rate Policy	Is applied in other cities.	Discourages parking pricing and downtown development.
	Parking levy: Special property tax on parking spaces throughout the region		
	Authority: COT Local Approval Process: Park Tucson Commission Approved Rate Policy	Large potential. Distributes burden widely. Supports strategic goals.	Costly to implement. Opposed by suburban property owners.

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Control	Funding Option Description		
	Approval Authority and Process *	Advantages	Disadvantages / Consequences*
COT LOCAL: PUBLIC BODY	Fare increases: Increase fares or change fare structure to increase revenues		
	Approval Authority: COT Local <i>City of Tucson (COT) Mayor and Council (M&C)</i> Approval Process: M&C Ordinance Adoption	Widely applied. Is a user fee (considered equitable).	Discourage transit use. Is regressive. Loss of farebox recovery*.
COT LOCAL: PUBLIC BODY	Deep discounted [bulk] passes: Discounted passes sold to groups based on their ridership		
	Authority: COT Local <i>COT City Manager; M&C</i> Approval Process: M&C Ordinance Adoption	Increases revenue and transit ridership	Increases transit service costs and so may provide little net revenue.
EXTERNAL LOCAL	Property taxes: Increase local property taxes		
	Authority: External Local <i>Pima County (PC) Board of Supervisors (BOS)</i> Approval Process: PC BOS Rates Adoption	Widely applied. Distributes burden widely.	Supports no other objectives. Is regressive.
EXTERNAL LOCAL	Sales taxes: A special local sales tax		
	Authority: External Local (City or County Voters) Approval Process: Voter Approval	Distributes burden widely.	Supports no other objectives. Is regressive.
EXTERNAL NON-LOCAL: PUBLIC BODY	Development or transport impact fees: A fee on new development to help finance infrastructure, including transit improvements		
	Authority: External Non-Local Approval Process: State Legislature (<i>Requires changes to ARS 9-00463-05 to allow spending on transit</i>)	Charges beneficiaries.	Limited potential.
EXTERNAL NON-LOCAL: PUBLIC BODY	Employee levy: A levy [exactd on the employers, based on the number of] employees in a designated area or jurisdiction		
	Authority: External Non-Local Approval Process: State Legislature	Charges for commuters.	Requires administration. Encourage sprawl if in city centers.

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	Approval Authority and Process *	Advantages	Disadvantages / Consequences*
EXTERNAL NON-LOCAL: PUBLIC BODY APPROVAL	Fuel taxes: An additional fuel tax in the region		
	Authority: External Non-Local (Federal/State) Approval Process: State Legislature	Widely applied. Reduces vehicle traffic and fuel use.	Is considered regressive.
	Income tax: Special income tax for transit or transportation		
	Authority: External Non-Local (State) Approval Process: State Legislature	Progressive with respect to income. Relatively stable.	May be difficult to implement.
	Land value capture: Special taxes on property that benefit from the transit service (<i>Austin, Texas Transportation User Fee Ordinance would be an example</i>)		
	Authority: External Non-Local Approval Process: State Legislature	Large potential. Charges beneficiaries.	May be costly to implement. May discourage TOD.
	Road tolls: Tolls on some roads or bridges		
	Authority: External Non-Local (ADOT) Approval Process: State Legislature	Reduces traffic congestion.	Costly to implement. Can encourage sprawl if only applied in city centers.
	Utility levy: A levy to all utility accounts in the region		
Authority: External Non-Local (depends) Approval Process: Vote by Public Body	Easy to apply. Distributes burden widely.	Is small, regressive, supports no other objectives.	
Vehicle-Km [Miles Traveled] tax: Distance-based fees on vehicles registered in the region			
Authority: External Non-Local Approval Process: State Legislature	Reduces vehicle traffic.	Costly to implement.	